



United States  
Department of  
Agriculture

Farmers  
Home  
Administration

Washington  
D.C.  
20250

FmHA AN No. 1822 (1955B)

November 14, 1988

SUBJECT: County Committee Classification  
of Inventory Farm Property

TO: State Directors and District Directors

ATTENTION: Farmer Program Chiefs

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to implement the provisions of the Agricultural Credit Act of 1987, which requires the County Committee to classify and reclassify farm inventory property. The AN also provides guidance for the County Committee members and County Supervisor to assist them in classification, i.e., suitable or surplus, of farm inventory properties. In addition, the AN provides timeframes for completing the classification and reclassification of farm inventory property, and assists the National Office in compiling data on the County Committee's classification of farm properties.

COMPARISON WITH PREVIOUS AN:

There is no previous AN on this subject.

IMPLEMENTATION RESPONSIBILITIES:

In accordance with the Agricultural Credit Act of 1987 and Section 1955.63 of FmHA Instruction 1955-B, the County Committee will classify and reclassify farm inventory property, including those farm properties presently in inventory. The County Supervisors will compile and present the necessary data in order to assist the County Committee in the classification of farm inventory properties. The information is to be gathered by the County Supervisors by November 30, 1988, and presented to the County Committee no later than December 9, 1988. Form FmHA 1955-3A must be completed to reflect the classification by the County Committee. The County Supervisor will input this information into the multi-function work station (5L Transaction) by December 23, 1988, so that the January 1989 Inventory Report will reflect the correct classification. In addition, each State will compile information as shown in Exhibit A to this AN and submit it to the National Office, Farmer Programs, Program Development Staff, by January 6, 1989.

EXPIRATION DATE: January 31, 1989

FILING INSTRUCTION:  
Preceding FmHA  
Instruction 1955-B



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Secretary of Agriculture, Washington, D.C. 20250

1822(1955)

Suitable property is farmland that can be used for general farming purposes, including those farm properties that may be used as a start up or add-on parcel of farmland. Such farmland should produce agricultural commodities for sale in sufficient quantities so that it is recognized in the community as a farm, rather than a rural residence. Farmland will be classified as suitable regardless of its size, value, or quality, unless the County Committee determines it cannot be used for farming purposes. THE COUNTY COMMITTEE SUITABILITY DETERMINATION IS INDEPENDENT OF ANY DECISION BY FmHA TO MAKE OR NOT TO MAKE A FARM OWNERSHIP LOAN ON THE PROPERTY. Properties should be reviewed in accordance with Section 1955.63 of FmHA Instruction 1955-B. Property that is not considered farmland will be classified surplus as outlined in Section 1955.53 of FmHA Instruction 1955-B.

The County Committee will make a determination on whether or not the farm property is larger than a family size farm. Suitable farmland may only be sold to operators who will not be larger than family sized farms after the sale, as determined by the County Committee. Suitable farmland larger than family size, may be sold to the former owner, the spouse or child(ren) of the former owner or entity members (if the previous owner was an entity) in accordance with leaseback/buyback provisions of Subpart S of Part 1951. If the County Committee determines the property is larger than a family size farm and the former owner, spouse or child(ren) of the former owner, or entity members (if the previous owner was an entity) do not acquire the property, the committee will provide recommendations for subdividing the property for the purpose of creating one or more suitable family size farm properties. Such land shall be subdivided into parcels of land the shape and size of which are suitable for farming and the value of which shall not exceed the insured farm ownership loan limit of \$200,000. The County Committee decision will be documented on Form FmHA 440-2, "County Committee Certification or Recommendation."

Any credit sale of farm property determined by the County Committee to be suitable but larger than a family size farm will be at ineligible rates and terms to the former owner, spouse, or child(ren) of the former owner or entity members (if the previous owner was an entity).

Farm property in inventory on the effective date of the regulation, October 14, 1988, will be classified by the County Committee. All farm property classified by the County Committee as suitable will remain in the suitable classification for 3 years from the date of the County Committee's classification and the property will be offered for sale during the 3-year period to family size farm operators. If during the 3-year period, the property is withheld from the market because it is determined its sale would have a negative impact on farm real estate

18221955

values or for other administrative purposes, such as statutory or proposed regulation revisions, the 3-year period will be extended to compensate for the period of time the property was not available for sale. After the 3-year term, the property will be offered for sale as surplus, however, if the buyer is eligible for FmHA assistance, any surplus property which is actually suitable will be reclassified to suitable by the County Committee and sold on eligible terms.

Please call Gary West at commercial (202) 382-1976 or FTS 382-1976, if you have any questions.



VANCE L. CLARK  
Administrator

Attachment Exhibit A-Report Format

Sent via electronic mail on Nov. 15 at 4:27 by ASD(IMPS). A copy of this AN will be duplicated by the District Directors and distributed to the County Offices. State Directors will immediately distribute to Farmer Programs Chiefs and other appropriate personnel.

## Report Format

## EXHIBIT A

County Committee classification or reclassification of FmHA  
suitable and surplus inventory property.

State \_\_\_\_\_

Number of suitable farms (Before  
County Committees Classification) \_\_\_\_\_

Number of suitable farms remained suitable \_\_\_\_\_

Number of suitable farms where classification  
changed to surplus \_\_\_\_\_

Number of surplus farms (Before  
County Committee Reclassification) \_\_\_\_\_

Number of surplus farms remained surplus \_\_\_\_\_

Number of surplus farms where classification  
change to suitable \_\_\_\_\_

Number of farm properties determined by the  
County Committee to be larger than family-size  
and will be subdivided. \_\_\_\_\_

Number of family size farm properties with values  
exceeding \$200,000. \_\_\_\_\_

1822(1955)

TO: National Office,  
Farmer Programs

ATTN:  
Program Development Staff

As required in FmHA AN  
1822(1955B)

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Number of surplus farms remained surplus

Number of surplus farms where classification  
change to suitable

Number of farm properties determined by the  
County Committee to be larger than family-size  
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Number of family size farm properties with values  
exceeding \$200,000.